



General Assembly

January Session, 2007

***Raised Bill No. 1042***

LCO No. 3558

\* \_\_\_\_SB01042GL\_\_\_\_022707\_\_\_\_\*

Referred to Committee on General Law

Introduced by:  
(GL )

***AN ACT CONCERNING THE SOLICITATION OF CHARITABLE FUNDS  
ACT AND PROVIDING MUNICIPALITIES WITH THE AUTHORITY TO  
REGULATE CHARITABLE DONATION BINS.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1       Section 1. (NEW) (*Effective October 1, 2007*) No person shall place or  
2       cause to be placed in a public place a donation bin for the donation of  
3       clothing or other articles unless such bin contains a notice in block  
4       letters at least two inches high stating: (1) If the donation is for a  
5       charitable purpose, the name of the nonprofit organization that will  
6       benefit from the donation and that the public may contact the  
7       Department of Consumer Protection for further information, or (2) if  
8       not intended for a charitable purpose, that such donation is not for a  
9       charitable purpose. Such notice shall be on the same side of the bin  
10      where the donation is likely to be made. As used in this section,  
11      "donation bin" means a large container commonly placed in a parking  
12      lot for the purpose of encouraging individuals to donate clothing or  
13      other items.

14      Sec. 2. (NEW) (*Effective October 1, 2007*) A municipality may regulate  
15      the location and operation of a donation bin, as defined in section 1 of

16 this act, within such municipality.

17 Sec. 3. Section 21a-190a of the general statutes is repealed and the  
18 following is substituted in lieu thereof (*Effective October 1, 2007*):

19 As used in sections 21a-190a to 21a-190l, inclusive:

20 (1) "Charitable organization" means any person who is or holds  
21 himself out to be established for any benevolent, educational,  
22 philanthropic, humane, scientific, patriotic, social welfare or advocacy,  
23 public health, environmental conservation, civic or eleemosynary  
24 purpose, or for the benefit of law enforcement officers, firefighters or  
25 other persons who protect the public safety.

26 (2) "Person" means an individual, corporation, limited liability  
27 company, association, partnership, trust, foundation or any other  
28 entity however styled.

29 (3) "Solicit" and "solicitation" mean any request directly or indirectly  
30 for money, credit, property, financial assistance or other thing of any  
31 kind or value on the plea or representation that such money, credit,  
32 property, financial assistance or other thing of any kind or value is to  
33 be used for a charitable purpose or benefit a charitable organization.  
34 "Solicit" and "solicitation" shall include, but shall not be limited to, the  
35 following methods of requesting or securing such money, credit,  
36 property, financial assistance or other thing of value: (A) Any oral or  
37 written request; (B) any announcement to the press, over the radio or  
38 television or by telephone or telegraph concerning an appeal or  
39 campaign by or for any charitable organization or purpose; (C) the  
40 distribution, circulation, posting or publishing of any handbill, written  
41 advertisement or other publication; (D) the sale of, offer or attempt to  
42 sell, any advertisement, advertising space, book, card, tag, coupon,  
43 device, magazine, membership, merchandise, subscription, flower,  
44 ticket, candy, cookies or other tangible item in connection with an  
45 appeal made for any charitable organization or purpose, or where the  
46 name of any charitable organization is used or referred to in any such  
47 appeal as an inducement or reason for making any such sale, or when

48 or where in connection with any such sale, any statement is made that  
49 the whole or any part of the proceeds from any such sale is to be used  
50 for any charitable purpose or benefit any charitable organization. A  
51 solicitation shall be deemed to have taken place whether or not the  
52 person making the same receives any contribution.

53 (4) "Charitable purpose" means any benevolent, educational,  
54 philanthropic, humane, scientific, patriotic, social welfare or advocacy,  
55 public health, environmental conservation, civic or eleemosynary  
56 objective.

57 (5) "Contribution" means the grant, promise or pledge of money,  
58 credit, property, financial assistance or other thing of any kind or value  
59 in response to a solicitation. "Contribution" shall not include bona fide  
60 fees, dues or assessments paid by members, provided membership is  
61 not conferred solely as consideration for making a contribution in  
62 response to a solicitation.

63 (6) "Fund-raising counsel" means a person who for compensation  
64 plans, manages, advises or consults with respect to the solicitation in  
65 this state of contributions by a charitable organization, but who does  
66 not solicit contributions and who does not directly or indirectly  
67 employ, procure or engage any person compensated to solicit  
68 contributions. A bona fide nontemporary salaried officer or employee  
69 of a charitable organization shall not be deemed to be a fund-raising  
70 counsel.

71 (7) "Paid solicitor" means a person who for [compensation] any  
72 consideration, other than any nonmonetary gift of nominal value  
73 awarded to a volunteer solicitor as an incentive or token of  
74 appreciation, performs for a charitable organization any service in  
75 connection with which contributions are solicited by such person or by  
76 any person he directly or indirectly employs, procures or engages to  
77 solicit for such compensation. A bona fide nontemporary salaried  
78 officer or employee of a charitable organization shall not be deemed to  
79 be a paid solicitor.

80 (8) "Commercial coventurer" means a person who for profit is  
81 regularly and primarily engaged in trade or commerce in this state  
82 other than in connection with the raising of funds for charitable  
83 organizations or purposes and who conducts a charitable sales  
84 promotion.

85 (9) "Charitable sales promotion" means an advertising or sales  
86 campaign, conducted by a commercial coventurer, which represents  
87 that the purchase or use of goods or services offered by the commercial  
88 coventurer are to benefit a charitable organization or purpose.

89 (10) "Department" means the Department of Consumer Protection.

90 (11) "Commissioner" means the Commissioner of Consumer  
91 Protection.

92 (12) "Membership" means that which entitles a person to the  
93 privileges, professional standing, honors or other direct benefit of the  
94 organization and the rights to vote, elect officers and hold office in the  
95 organization.

96 (13) "Parent organization" means that part of a charitable  
97 organization which supervises and exercises control over the  
98 solicitation and expenditure activities of one or more chapters,  
99 branches or affiliates.

100 (14) "Gross revenue" means income of any kind from all sources,  
101 including all amounts received as the result of any solicitation by a  
102 paid solicitor.

103 Sec. 4. Section 21a-190b of the general statutes is repealed and the  
104 following is substituted in lieu thereof (*Effective October 1, 2007*):

105 (a) Every charitable organization not exempted by section 21a-190d  
106 shall annually register with the department prior to conducting any  
107 solicitation or prior to having any solicitation conducted on its behalf  
108 by others. Application for registration shall be made on forms  
109 prescribed by the department and shall include payment of a fee of

110 fifty dollars. Such application shall include: (1) A registration  
111 statement, (2) an annual financial report for such organization for the  
112 preceding fiscal year that is prepared in accordance with the  
113 provisions of subsection (a) of section 21a-190c, and (3) an audited  
114 financial statement as required by subsection (b) of [said] section 21a-  
115 190c. Two authorized officers of the organization shall sign the  
116 registration statement and shall certify that the statements therein are  
117 true and correct to the best of their knowledge. A chapter, branch or  
118 affiliate in this state of a registered parent organization shall not be  
119 required to register provided the parent organization files a  
120 consolidated annual registration for itself and its chapter, branch or  
121 affiliate. Each charitable organization shall annually renew its  
122 registration not later than five months after the end of such  
123 organization's fiscal year.

124 (b) In the event the department determines that the application for  
125 registration does not contain the documents required in subsection (a)  
126 of this section or is not in accordance with the regulations adopted by  
127 the commissioner pursuant to this chapter, the department shall notify  
128 the charitable organization, in writing, of such noncompliance not later  
129 than ten days after the department's receipt of such application for  
130 registration. An application for registration shall be deemed to be  
131 approved if the charitable organization is not notified of  
132 noncompliance by the department not later than ten days after the  
133 department's receipt of the application for registration. Any such  
134 charitable organization may request a hearing on its noncompliant  
135 status not later than seven days after receipt of such noncompliance  
136 notice. Such hearing shall be held not later than seven days after the  
137 department's receipt of such request and a determination as to the  
138 organization's compliance status shall be rendered no later than three  
139 days after such hearing.

140 (c) In addition to the application fee required pursuant to subsection  
141 (a) of this section, a charitable organization shall pay a late fee of  
142 twenty-five dollars for each month, or part thereof, that such  
143 application for registration is late, except that such late fee shall not

144 include any month during which an extension of time was granted  
 145 pursuant to subsection (d) of this section. The commissioner may,  
 146 upon written request and for good cause shown, waive or reduce such  
 147 late fee.

148 (d) The commissioner may, upon written request and for good  
 149 cause shown, grant an extension of time [, not to exceed one hundred  
 150 eighty days,] for the filing of a charitable organization's annual  
 151 financial report. No such extension shall exceed six months from the  
 152 date the report was due. Any previous registration shall remain in  
 153 effect during any such extension period.

154 (e) In the event that a charitable organization fails to register in  
 155 accordance with the provisions of this section, such organization shall  
 156 include in its application for registration an annual financial report for  
 157 each of the previous years in which such organization was required to  
 158 file an application for registration or an annual financial report.

159 (f) Any charitable organization registered in accordance with this  
 160 section on September 30, 2005, shall be deemed to be registered  
 161 pursuant to this section until the last day of the fifth month after the  
 162 close of the fiscal year in effect on September 30, 2005.

163 Sec. 5. Section 21a-190c of the general statutes is repealed and the  
 164 following is substituted in lieu thereof (*Effective October 1, 2007*):

165 (a) Every charitable organization required to register pursuant to  
 166 section 21a-190b shall annually file with the department, as part of  
 167 such organization's application for registration, a financial report for  
 168 its most recently completed fiscal year, which report shall include a  
 169 financial statement and such other information as the commissioner  
 170 may require and shall be signed by two authorized officers of the  
 171 organization, one of whom shall be the chief fiscal officer of the  
 172 organization. The information contained in such report shall be  
 173 available to the public. Such officers shall certify that such report is  
 174 true and correct to the best of their knowledge. The commissioner shall  
 175 prescribe the form of the report and may prescribe standards for its

176 completion. The commissioner may accept, under such conditions as  
177 said commissioner may prescribe, a copy or duplicate original of  
178 financial statements, reports or returns filed by the charitable  
179 organization with the Internal Revenue Service or another state having  
180 requirements similar to the provisions of sections 21a-190a to 21a-190l,  
181 inclusive.

182 (b) A charitable organization with gross revenue in excess of two  
183 hundred thousand dollars in the year covered by the report shall  
184 include with its financial statement an audit report of a certified public  
185 accountant. For purposes of this section, gross revenue shall not  
186 include grants or fees from government agencies or the revenue  
187 derived from funds held in trust for the benefit of the organization.  
188 The commissioner may, upon written request and for good cause  
189 shown, waive such audit report requirement.

190 (c) Every charitable organization required to file an annual report  
191 and every charitable organization subject to the provisions of  
192 subdivision (6) of section 21a-190d shall keep true fiscal records which  
193 shall be available to the department for inspection upon request. Such  
194 organization shall retain such records for no less than three years after  
195 the end of the fiscal year to which they relate.

196 Sec. 6. Section 21a-190e of the general statutes is repealed and the  
197 following is substituted in lieu thereof (*Effective October 1, 2007*):

198 (a) Each contract between a charitable organization and a fund-  
199 raising counsel shall be in writing and shall be filed by the fund-raising  
200 counsel with the department at least fifteen days prior to the  
201 performance by the fund-raising counsel of any material services  
202 pursuant to such contract. The contract shall contain such information  
203 as will enable the department to identify the services the fund-raising  
204 counsel is to provide and the manner of his compensation.

205 (b) A fund-raising counsel who at any time has custody or control of  
206 contributions from a solicitation shall register with the department.  
207 Applications for registration or renewal of a registration as a fund-

208 raising counsel shall be in writing, under oath, in the form prescribed  
 209 by the department and shall be accompanied by a fee in the amount of  
 210 [one] five hundred [twenty] dollars. Each application shall contain  
 211 such information as the department shall require. Each registration  
 212 shall be valid for one year and may be renewed for additional one-year  
 213 periods. An applicant for registration or for a renewal of registration as  
 214 a fund-raising counsel shall, at the time of making such application,  
 215 file with and have approved by the department a bond, in which the  
 216 applicant shall be the principal obligor in the sum of twenty thousand  
 217 dollars, with one or more responsible sureties whose liability in the  
 218 aggregate as such sureties shall be no less than such sum. The fund-  
 219 raising counsel shall maintain the bond in effect as long as the  
 220 registration is in effect. The bond shall run to the state and to any  
 221 person who may have a cause of action against the principal obligor of  
 222 the bond for any liabilities resulting from the obligor's conduct of any  
 223 activities subject to sections 21a-190a to 21a-190l, inclusive, or arising  
 224 out of a violation of said sections or any regulation adopted pursuant  
 225 to said sections. Any such fund-raising counsel shall account to the  
 226 charitable organization with which he has contracted for all income  
 227 received and expenses paid no later than ninety days after a  
 228 solicitation campaign has been completed, and in the case of a  
 229 solicitation campaign lasting more than one year, on the anniversary of  
 230 the commencement of such campaign. Such accounting shall be in  
 231 writing, shall be retained by the charitable organization for three years  
 232 and shall be available to the department upon request.

This act shall take effect as follows and shall amend the following sections:

|           |                        |             |
|-----------|------------------------|-------------|
| Section 1 | <i>October 1, 2007</i> | New section |
| Sec. 2    | <i>October 1, 2007</i> | New section |
| Sec. 3    | <i>October 1, 2007</i> | 21a-190a    |
| Sec. 4    | <i>October 1, 2007</i> | 21a-190b    |
| Sec. 5    | <i>October 1, 2007</i> | 21a-190c    |
| Sec. 6    | <i>October 1, 2007</i> | 21a-190e    |



***GL***      *Joint Favorable*